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Message Text

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S/S - MR. BORG
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FM SECSTATE WASHDC
TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 155538 TOSEC 050069

FOR SECRETARY FROM ASSISTANT SECRETARY HABIB

E.O. 11652: GDS

TAGS: PFOR, OVIP, ID, US

SUBJECT: BRIEFING MEMORANDUM - TALKING POINTS FOR SUHARTO VISIT

1. AS YOU REQUESTED, FOLLOWING IS A MORE CONDENSED SET OF TALKING POINTS FOR THE SUHARTO VISIT, WHICH EMPHASIZES OUR RELATIONSHIP AND SUPPORT FOR SUHARTO AND INDONESIA:

2. BASIC U.S. PRESENTATION

A. US-INDONESIAN RELATIONS

-- WE HAVE NO INTENTION OF WITHDRAWING FROM SOUTHEAST ASIA. WE WILL HONOR OUR TREATY COMMITMENTS AND MAINTAIN OUR CLOSE TIES WITH OUR FRIENDS SUCH AS INDONESIA WITH WHOM WE DO NOT HAVE FORMAL COMMITMENTS.

-- WE ADMIRE INDONESIA'S STABILITY AND PROGRESS WHICH OWES SO MUCH TO PRESIDENT SUHARTO. WE GREATLY VALUE OUR CLOSE ASSOCIATION WITH INDONESIA, A RELATIONSHIP WHICH IS EVEN MORE IMPORTANT TO US AFTER THE FALL OF INDOCHINA.
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-- WE BELIEVE PRESIDENT SUHARTO IS VERY SOUND IN THE EMPHASIS INDONESIA HAS PLACED ON SELF RELIANCE AND NATIONAL

RESILIENCE AS FOUNDATIONS FOR A STRONG SOCIETY.

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B. US SECURITY ASSISTANCE TO INDONESIA

-- WE ESPECIALLY VALUE THE CLOSE RELATIONSHIP BETWEEN THE US AND THE INDONESIAN ARMED FORCES, BEGINNING IN THE LATE 1950'S.

-- INDONESIA IS TO BE CONGRATULATED FOR ITS BOLD, WISE POLICY OF GIVING ECONOMIC DEVELOPMENT PRIORITY OVER MILITARY EXPENDITURES.

-- WE UNDERSTAND INDONESIA'S DEEP CURRENT CONCERN FOR ITS SECURITY, WITH ITS ARMED FORCES IN A LESS THAN SATISFACTORY STATE AS REGARDS READINESS AND EQUIPMENT.

-- WE WILL CONTINUE MILITARY AID TO INDONESIA, EVEN THOUGH SIGNIFICANT INCREASES IN THE PRESENT LEVEL WILL BE DIFFICULT. WE ARE FACED WITH OPPOSITION TO MILITARY AID IN CONGRESS, AS WELL AS QUESTIONS ABOUT INDONESIA'S NEED FOR AID IN THE LIGHT OF ITS INCREASED OIL INCOME.

-- HOWEVER, WE HOPE TO MAKE AVAILABLE AN INCREASED VOLUME OF CREDIT FOR MILITARY PURCHASES IN THE COMING YEARS.

C. US ECONOMIC AID TO INDONESIA

-- WE RECOGNIZE INDONESIA'S GREAT NEED FOR ECONOMIC DEVELOPMENT, AND WE INTEND TO ASSIST ACTIVELY IN INDONESIA'S DEVELOPMENT EFFORTS.

-- VARIOUS DEVELOPMENTS HAVE SIGNIFICANTLY AFFECTED THE AMOUNT OF OUR AID:

THE INCREASE IN INDONESIA'S OIL REVENUES HAS RAISED DOUBTS IN SOME QUARTERS THAT INDONESIA STILL REQUIRES CONCESSIONAL AID ON THE FORMER SCALE.

AMERICANS ARE DISTURBED BY THE OPEC PRICE INCREASES AND REPORTS OF NEW INCREASES EVEN THOUGH SOME RECOGNIZE THAT INDONESIA'S NEEDS ARE MUCH GREATER THAN OTHER OPEC COUNTRIES.

FOREIGN AID IN GENERAL IS NO LONGER POPULAR IN CONGRESS AND AMONG MANY VOTERS.

-- WITHIN OUR LIMITATIONS, HOWEVER, WE INTEND TO MAINTAIN A SIGNIFICANT AID CONTRIBUTION. WE ARE PLANNING AN FY 1976

AID LEVEL OF ABOUT DOLS 60 MILLION. (FYI: THE DEPARTMENT HAS RECOMMENDED AN ADDITIONAL DOLS 20 MILLION IN FY 1976 DEVELOPMENT LOANS WHICH WOULD BRING THE AID TOTAL TO ABOUT

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DOLS 80 MILLION.) WE WILL ALSO REMAIN AN ACTIVE MEMBER OF THE IGGI (THE INDONESIAN AID DONOR CONSORTIUM) AND WILL ENCOURAGE OTHER MEMBERS TO CONTINUE THEIR AID.

D. OTHER CONTRIBUTIONS TO INDONESIAN ECONOMIC DEVELOPMENT

-- PRIVATE FOREIGN INVESTMENT IS MAKING A VERY IMPORTANT CONTRIBUTION TO INDONESIA'S DEVELOPMENT, ESPECIALLY IN AREAS SUCH AS MINERALS DEVELOPMENT, IN WHICH NEITHER THE INTERNATIONAL DEVELOPMENT BANKS NOR MOST FOREIGN GOVERNMENTS ARE INTERESTED. PRIVATE ENTERPRISE ALSO INTRODUCES NEW INDUSTRIAL TECHNOLOGY.

-- THE WORLD BANK AND THE IMF HAVE ASSIGNED AN IMPORTANT ROLE TO A CONTINUING HIGH LEVEL OF PRIVATE CAPITAL INFLOWS FOR INDONESIA'S DEVELOPMENT.

-- WE TRUST THAT THE INDONESIAN GOVERNMENT WILL MAINTAIN A RECEPTIVE ATTITUDE TOWARD FOREIGN INVESTMENT.

3. ADDITIONAL POINTS WE WISH TO MAKE IN FOLLOW-ON DISCUSSION:

A. INDONESIA, OPEC AND NORTH-SOUTH ECONOMIC POLICY

-- WE APPRECIATE INDONESIA'S NON-PARTICIPATION IN THE SECRET

1973/1974 OIL EMBARGO.

-- WE ARE CONCERNED BY PREDICTIONS OF AN OIL PRICE INCREASE IN OCTOBER. WE HOPE THAT OPEC WILL SERIOUSLY CONSIDER THE NEGATIVE IMPACT THAT A PRICE INCREASE WOULD HAVE ON WORLD-WIDE ECONOMIC RECOVERY.

-- WE ARE COMMITTED TO PUTTING OUR OWN HOUSE IN ORDER, THROUGH EFFECTIVE PROGRAMS AMONG CONSUMING COUNTRIES TO CONSERVE ENERGY AND TO INCREASE PRODUCTION FROM NEW SOURCES.

-- WE REGARD MULTILATERAL PRODUCER/CONSUMER DISCUSSIONS AS FUNDAMENTAL TO ACHIEVING STABILITY IN THE ENERGY MARKET, AND WE HAVE ADVANCED PROPOSALS TO RELAUNCH THE DIALOGUE BEGUN LAST APRIL IN PARIS.

-- IN KEEPING WITH OUR AWARENESS OF THE NEED FOR A REALISTIC BALANCE BETWEEN CONSUMER AND PRODUCER INTERESTS, WE ARE ALSO DEVELOPING PROPOSALS ON COMMODITY POLICY, FOOD ISSUES, INTERNATIONAL FINANCIAL ASSISTANCE AND UN STRUCTURAL CHANGES FOR THE SEVENTH SPECIAL SESSION OF THE UNGA. WE HOPE INDONESIA WILL BE ABLE TO SUPPORT THESE PROPOSALS AND ENCOURAGE OTHER STATES TO DO SO.

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-- WE UNDERSTAND THAT PLANNING MINISTER WIDJOJO WILL BE DISCUSSING THE SUBJECT IN MORE DETAIL WITH SOME OF THE AMERICANS PRESENT.

B. INDONESIA AND ASEAN

-- WE FAVOR INDONESIA'S POLICY OF PROMOTING THE DEVELOPMENT OF ASEAN. WE RECOGNIZE THAT ASEAN IS THEIR ORGANIZATION, NOT OURS, AND WILL NOT INTERFERE IN ITS AFFAIRS.

C. DENIAL OF US TRADE PREFERENCES

-- WE ARE WORKING ACTIVELY IN SUPPORT OF THE GREEN AMENDMENT, WHICH WOULD RESTORE INDONESIA'S ELIGIBILITY TO RECEIVE THE TRADE PREFERENCES SPECIFIED BY THE

SECRET

1974 TRADE ACT.

-- ANOTHER OPEC PRICE INCREASE, HOWEVER, WOULD MAKE THE ADMINISTRATION'S EFFORTS MORE DIFFICULT.

D. LAW OF THE SEA

-- WE ARE PREPARED TO COOPERATE WITH INDONESIA IN ACHIEVING RECOGNITION OF ITS ARCHIPELAGO CONCEPT AS PART OF A GLOBAL LOS TREATY WHICH PROTECTS OUR VITAL NAVIGATIONAL INTERESTS IN ARCHIPELAGOS, STRAITS AND ELSEWHERE, BUT A BILATERAL AGREEMENT OUTSIDE THE LOS TREATY WOULD NOT BE ACCEPTABLE TO US.

-- WE CANNOT ACCEPT A TREATY OBLIGATION TO GIVE

NOTIFICATION OF TRANSITS OF VESSELS OR AIRCRAFT. INGERSOLL

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